

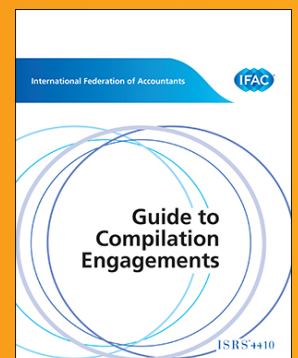
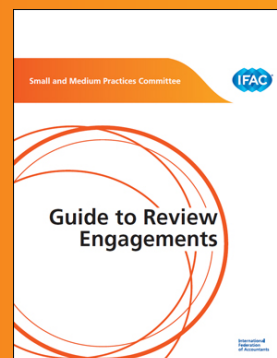
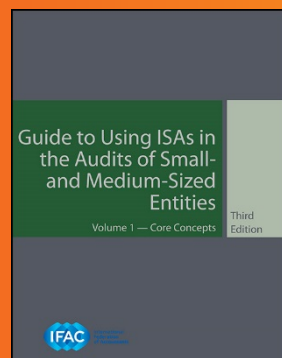
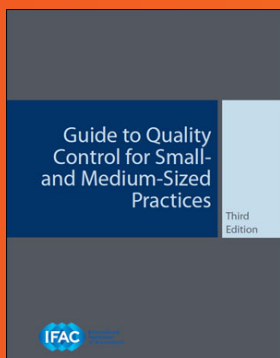
COMPANION MANUAL

Guide to Quality Control for SMPs

Guide to Using ISAs in the Audits of SMEs

Guide to Review Engagements

Guide to Compilation Engagements



This Companion Manual was developed to help member organizations of International Federation of Accountants® (IFAC®) and other professional accountancy organizations make the best use of the *Guide to Quality Control for Small- and Medium-Sized Practices (QC Guide)*, *Guide to Using International Standards on Auditing in the Audits of Small- and Medium-Sized Entities (ISA Guide)*, the *Guide to Review Engagements*, and the *Guide to Compilation Engagements*. The Guides can be downloaded from the small- and medium-sized practice (SMP) area of the [IFAC website](#).

This Manual includes many examples for illustrative purposes only and does not reflect any policy positions of IFAC.

The [SMP Committee](#) of IFAC represents the interests of professional accountants operating in small- and medium-sized practices (SMPs). The committee develops guidance and tools and works to ensure the needs of SMPs are considered by standard setters, regulators, and policy makers. The committee also speaks out on behalf of SMPs to raise awareness of their role and value, especially in supporting SMEs, and the importance of the small business sector overall

IFAC's mission is to serve the public interest by:

- Contributing to the development of high-quality standards and guidance;
- Facilitating the adoption and implementation of high-quality standards and guidance;
- Contributing to the development of strong professional accountancy organizations and accounting firms and to high-quality practices by professional accountants, and promoting the value of professional accountants worldwide; and
- Speaking out on public interest issues.

For further information, please email ChristopherArnold@ifac.org.

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ISBN: 978-1-60815-252-0

Published by:



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1. Introduction and Objectives

The [Guide to Quality Control for Small- and Medium-Sized Practices](#), [Guide to Using International Standards on Auditing in the Audits of Small- and Medium-Sized Entities](#), [Guide to Review Engagements](#) and [Guide to Compilation Engagements](#) were commissioned by the SMP Committee to promote consistent application of ISQC™ 1,¹ ISA™,² ISRE™ 2400 (Revised),³ and ISRS™ 4410 (Revised)⁴ respectively to assist practitioners in providing services to small- and medium-sized entities (SMEs). The Guides provide non-authoritative guidance on applying ISQC 1, ISA, ISRE 2400 (Revised), and ISRS 4410 (Revised), developed exclusively by the International Auditing and Assurance Standards Board® (IAASB®), and are intended as a supplement to help the practitioner apply the standards consistently and effectively when developing their quality control systems and performing audit, review, and compilation engagements for SMEs. See the [IAASB Handbook](#) for access to the standards.

As a federation of member organizations, IFAC's primary focus is on helping its member organizations support their SMP constituents. Accordingly, this Companion Manual was developed to help member organizations to encourage high-quality practices and service delivery among their membership, and is likely to be particularly useful to member organizations in those jurisdictions where the profession has limited or no access to similar guides.

This Companion Manual presents ways for IFAC member organizations and other professional accountancy organizations to use the Guides, including translating or tailoring the Guides to suit national and jurisdictional needs. The content in the Guides can be used to enhance or supplement existing material and/or continuing professional development (CPD) activities. Organizations may also develop derivative products from the Guides, such as training materials, journal articles, customized checklists and forms, and software for their members. **Before reproducing, adapting, or translating the Guides in any of the ways illustrated in the following pages, IFAC member organizations and professional accountancy organizations must first seek permission from IFAC (see section 2).**

2. Reproduction, Adaptation, and Translation

For permission to reproduce, adapt, and/or translate the Guides to suit local, national, or regional requirements, best practices, custom/culture, and language, please submit your request via [IFAC's online permission request and inquiry management system](#). Permission is also required to reproduce, adapt, and/or translate extracts from the Guides for use in other publications or media. For more information, please see IFAC's policy statement—[Policy for Reproducing, or Translating and Reproducing, Publications of the International Federation of Accountants](#)—in addition to [Translations and Permissions Frequently Asked Questions](#).

Once permission has been granted, the Adobe InDesign package of files will be supplied. The Guides were created in InDesign. Therefore, while not required, when adapting or translating the Guides, use of desktop publishing software compatible with Adobe InDesign is strongly encouraged (see www.adobe.com/products/indesign.html and www.adobe.com/products/incopy.html; this is for information purposes only and should not in any way be interpreted as an endorsement of these Adobe products). If

¹ International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements and Other Assurance and Related Services Engagements*

² International Standards on Auditing

³ ISRE 2400 (Revised), *Engagements to Review Historical Financial Statements*, is effective for reviews of financial statements for periods ending on or after December 31, 2013

⁴ ISRS 4410 (Revised) *Compilation Engagements*, is effective for compilation engagement reports dated on or after July 1, 2013

your organization does not have access to InDesign, a Word version will be supplied. The Word versions of the Guides are formatted and edited to align as closely as possible with the InDesign files. However, the content/formatting of the Word files may differ from the PDF; the PDF versions should be followed in the case of any discrepancies.

For translating the Guides into certain languages, IFAC may be able to provide a basic Trados translation memory (TM) (see more information in Level 3 below). The 2011 version of Trados is compatible with InDesign and PDF files. If your organization does not have access to Trados 2011, the Word files will be supplied.

Level 1—Reproduction with Minor Modifications

With permission, and the relevant agreement in place, an IFAC member organization may choose to reproduce the Guides with minor modifications, where such suggested changes may include:

- Inserting the member organization's logo on the cover (instructions to follow once permission is granted);
- Customizing the Preface while retaining appropriate acknowledgements;
- Removing the Request for Comments page or replacing it with member body's feedback page;
- Removing the Use by IFAC member organizations page; and/or
- Updating the Contents page

These simple changes will allow a member organization to publish the Guides electronically or in print form with minimal additional work. Making such changes will require the member organization to add to the copyright statement to acknowledge reproduction with permission of IFAC. The amended copyright statement will be provided by IFAC once permission is granted.

Level 2—Adaptation

In the event further changes are needed, for example after adopting some of the level 1 suggestions, a member organization may incorporate the following additional changes:

Inclusion of local jurisdictional guidance: The Guides are based on international standards as issued by the IAASB. If your jurisdiction has supplemented or otherwise modified the IAASB standards, it may be necessary to do some customization to improve the suitability of the guidance to your members. Use the search feature in Adobe or MS Word software to find all instances of the word "jurisdiction," which has been used to indicate potential areas for review and customization.

Adoption of localized terminology/grammar: Customize the Guides to include local terminology, spelling, and/or grammar by using the search feature in the Adobe or MS Word software to find and replace selected words as appropriate.

Acknowledgement of local cultural issues: The Guides may need to be adjusted to reflect some cultural practices that vary between jurisdictions, for example, in the case studies.

Maximizing use of existing intellectual capital of your member body: Your member organization may have already invested substantial resources in developing tools and resources for members in practice. Think about how you may utilize tailored versions of the Guides as a means of reminding members about your guidance material. The following are examples of modifications that could be made to the Guides to enhance the visibility to your organization’s resources:

- Add call-out boxes to draw attention to quotes from your organization’s related guidance.
- Insert a “References, further reading, and resources” section at the end of each chapter to include a listing and/or links to your existing member resources, including previously published journal articles that are still relevant, other publications, the website as a whole or an online library, and CPD courses or tools.
- Add or customize web hyperlinks throughout the Guides to lead readers to your organization’s resources.

Level 3—Translation

Member organizations will need to obtain the necessary permission from IFAC before beginning translation (see section 2 of this Manual). For reference, please see the [IFAC Translations Database](#) to find all current translations of all IFAC publications—both completed and in progress.

For ease of translation, the Guides have been written in clear, concise, and simple English. The Guides use IFAC terminology (for example, the terms defined in the glossary of the IAASB Handbook) to the maximum extent possible. Where this terminology was not available, terms that can be easily translated have been used. Key terms in the Guides are also defined in the Glossary or Description of Terms in each Guide.

Recognizing that translations can be time consuming and expensive, IFAC uses Trados translation memory (TM) software to help it and its designated translating bodies achieve sustainable translation processes. Use of TM technology helps ensure consistency and quality within translations as well as reduces the amount of work, and thus costs, associated with translating a publication. Therefore, while not required, use of TM software compatible with Trados is strongly encouraged (this is for information purposes only and should not in any way be interpreted as an endorsement of Trados).

For certain languages, a basic Trados TM can be made available to IFAC’s designated translating bodies that have an appropriate translation agreement in place. For more information on obtaining or using Trados in connection with translations of IFAC publications, contact permissions@ifac.org.

3. Orientation Materials

IFAC has developed an orientation PowerPoint slide deck, including instructor notes, for each of the Guides. Member organizations may use these slide decks to develop or deliver introductory training to those in their organizations and/or among their membership who will use the Guides. Member organizations have permission to use the slides for training purposes as is. Member organizations should request permission to adapt, translate, or embed the slides on their websites.

The [QC Guide – Orientation](#), [ISA Guide – Orientation](#), [Review Guide – Orientation](#) and [Compilation Guide – Orientation](#) slide decks are available, along with the Guides themselves, on the IFAC website.

4. Development of Derivative Products

A member organization may wish to utilize some of the content of individual modules to develop a derivative product. Derivative products could include: an audit methodology and/or work programs, checklists and

forms, interactive tools, software, or smartphone applications. If there is a need for such development, a permission request must be submitted via [IFAC's online permission request and inquiry management system](#).

5. Continuing Professional Development Opportunities

The content of the Guides may be incorporated into member organizations' continuing professional development (CPD) activities, which are required in order to achieve and maintain membership with IFAC, as stated in the [Statements of Membership Obligations](#) (SMOs). SMOs are issued by the IFAC Board and establish requirements for members and associates. See especially SMO 2, *International Education Standards for Professional Accountants and Other IAESB Guidance*, which sets out the obligations of member organizations in relation to the IES™ issued by the International Accounting Education Standards Board® (IAESB®).

The Guides may assist member organizations with implementing IES 7, [Continuing Professional Development: A Program of Lifelong Learning and Continuing Development of Professional Competence](#). IES 7 requires that professional accountants develop and maintain their competence and that member organizations facilitate and enforce CPD programs.

Structured Learning and Certification Programs

Some member organizations have developed formal certification programs to support the implementation of auditing and quality control standards. Such programs may take many different forms, for example, full- or part-day training seminars, conferences, congresses or conventions, distance learning, e-learning (i.e., webinars), online, face-to-face, or residential programs. Structured programs help practitioners gain a thorough understanding of the requirements of international standards and how to implement them in practice, and promote a commitment to quality services to clients, the community, and regulators.

Certification programs may take the form of a simple voluntary induction program or a mandatory structured training requirement for members providing audit, assurance, and related services.

The content of the Guides can easily be adapted by member organizations for use in such programs, either to build new programs or to supplement existing ones.

6. Incorporation of References into Other Activities

The content from the Guides could also be utilized in other activities.

Examples include:

- Member forums or discussion groups;
- Podcasts or webinars;
- Journal or newsletter articles incorporating links to content in the Guides (for example, see "[Review Engagements for SMEs: Limited Assurance, Numerous Benefits](#)," "[Tips for Cost Effective ISA Application](#)," and "[Tips for Cost Effective ISQC 1 Application](#).")
- Website content and cross referencing;
- Online PowerPoint presentations;
- Interviews with local spokespersons highlighting issues of local interest or concern and quoting resources from the Guides; and/or

- Referencing content from the Guides as part of a staff toolkit or resource to assist members.

7. Other Resources and Tools for SMPs

To learn more about how IFAC supports SMPs, see the [IFAC website](#). For additional resources in the areas of audit and assurance, practice management, ethics, and business reporting, among others, visit the IFAC [Global Knowledge Gateway](#), which brings together accounting news, discussions, resources, and thought leadership from IFAC, its member organizations, and other notable groups and individuals around the world.

8. Promotion of the Guides and Your Local Resources

The Global Knowledge Gateway aggregates links to relevant resources from IFAC, its member organizations, and notable groups and individuals around the world. **To be considered for inclusion on the Gateway, links to relevant resources developed by your organization should be emailed to Gateway@ifac.org.**